



The Basics of Palmetto ABLE

2021

What is the Federal ABLE Act?

Stephen Beck Jr., Achieving a Better Life Experience, ABLE Act

Began as an idea among parents of children with special needs to challenge the \$2,000 asset limitation for individuals with disabilities receiving government means-tested benefits

Ten-year effort included many national and local cross-disability organizations

Federal legislation passed in 2014 and amended the federal tax code to add section 529A, which created tax-advantaged savings and investment accounts that may be used for qualified disability expenses

Assets in ABLE accounts do not affect eligibility for benefits programs such as Supplemental Security Income (SSI) or Medicaid

The Palmetto ABLE Savings Program

The Palmetto ABLE Savings Program was established in response to federal legislation.

The program was signed into law in 2016. It is administered by the State Treasurer's Office and opened for enrollment in November 2017.

Offered to South Carolinians through a partnership with the Ohio State Treasurer's Office.



Eligibility Requirements: Onset of Disability Prior to Age 26

Must be a South Carolina resident, **PLUS ONE OF THE FOLLOWING:**

 Eligible to receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) due to disability; *or*

 Have a condition listed on the Social Security Administration's "*Compassionate Allowances Conditions List (CAL)*"; *or*

 Have a written diagnosis from a medical doctor and self-certify

Individual does not have to receive government benefits to be eligible

Self-Certification

-  Need a diagnosis from a medical doctor of a physical or mental impairment that causes *“marked and severe functional limitations”*
-  Condition has lasted or is expected to last for at least one year
-  Keep written diagnosis for your records – do not sent to program administrator

For Example

Take our eligibility quiz at www.PalmettoABLE.com



- Andy was born with Down Syndrome
- He is 30 years old, and Andy receives SSI and Medicaid
- Is he eligible?



- William is a 26-year-old military veteran
- He was injured in combat just after his 25th birthday
- William received a disability discharge from the military.
- Is he eligible?



- Tom had a motorcycle accident when he was 26 years old
- Tom is now a person with paraplegia
- Is he eligible?



- Mary began having symptoms of a mental illness in her teens
- Was diagnosed when she was 30 years old
- Today, Mary is 50 years old and receives SSI and Medicaid.
- Is she eligible?

Benefits of Palmetto ABLE Accounts

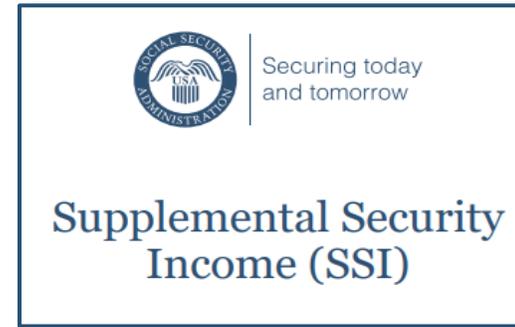
Palmetto ABLE Accounts DO NOT affect eligibility for benefits programs

BEFORE FEDERAL ABLE LEGISLATION

- ✗ Could not save over \$2,000
- ✗ Risk losing health care & other benefits

AFTER FEDERAL ABLE LEGISLATION

- ✓ Can save well over \$2,000
- ✓ Maintain eligibility for important benefits



Benefits of a Palmetto ABLE Account

Financial Independence



Account is owned by the individual with the disability



Provides new investment opportunities



Tax-advantaged accounts

- No federal or state taxes paid on earnings when funds are used on qualified expenses



SC taxpayers may deduct 100% of contributions from their SC state income tax return



SSI Considerations

Supplemental Security Income

-  Balances over \$100,000 count as a resource – SSI payments are suspended, but not terminated.
-  If money for housing expenditures is held over from one calendar month to the next, then those funds may count as a resource.
-  Beneficiary's own wages still count as income even if contributed to a Palmetto ABLÉ account -- accounts are asset shields, not income shields.

Qualified Disability Expenses

Expenses that help maintain or improve the health, independence or quality of life



Housing & Rent



Basic Living Expenses



Transportation



Education



Assistive Technology



Health & Wellness



Financial Management



Legal Fees

And much more...

Non-Qualified Expenses

If money is spent on non-qualified expenses, there may be consequences.

AFFECTS BENEFITS

The amount of the expenditure *may* now be considered a countable resource for determining eligibility for means-tested public benefits programs.

TAX PENALTIES

Pay taxes *plus* 10% penalty on the earnings portion of the withdrawal spent on non-qualified expenses.

Non-Qualified Expenses:

Do not improve the health, well-being and quality of life of the individual

Palmetto ABLE Enrollment

Can be done by either:

Individual with disability
(*Beneficiary*)

or

Authorized Legal Representative
(*Parent, Guardian, or Power of Attorney*)

- ✓ Free online enrollment
- ✓ Quick & easy – about 20 minutes
- ✓ \$50 minimum opening deposit

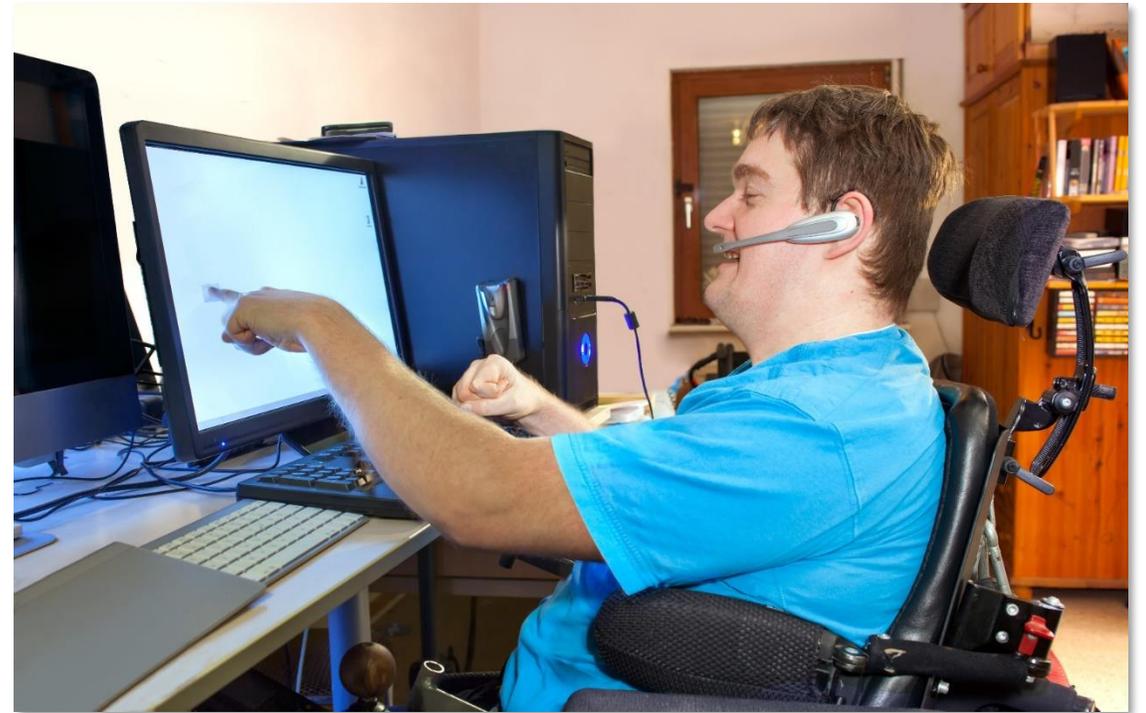
Only one account permitted per beneficiary



Palmetto ABLE Enrollment

As little as 20 minutes – www.PalmettoABLE.com

- ✓ Create security questions
- ✓ Tell us about yourself
 - ✓ Individual with the disability
 - ✓ Opening the account for someone else
- ✓ Basis for eligibility and disability type
- ✓ Select investment options
- ✓ Select contribution options
- ✓ Complete application
- ✓ Fund the account
- ✓ Account will automatically close in 90 days if funds not deposited





CURTIS M. LOFTIS JR.
TREASURER OF SOUTH CAROLINA

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- [QUALIFIED EXPENSES](#)



PalmettoABLE[®]
Savings Program

- ✓ Offering Palmetto ABLE accounts to South Carolinians with disabilities
- ✓ Tax-free savings plan for disability-related expenses
- ✓ Save and invest without losing federal needs-based benefits

[OPEN AN ACCOUNT](#)

Already Have An Account? [LOGIN](#)



AUDIO

Annual Contribution Limit

\$15,000 PER YEAR

if beneficiary is unemployed

\$27,760 PER YEAR

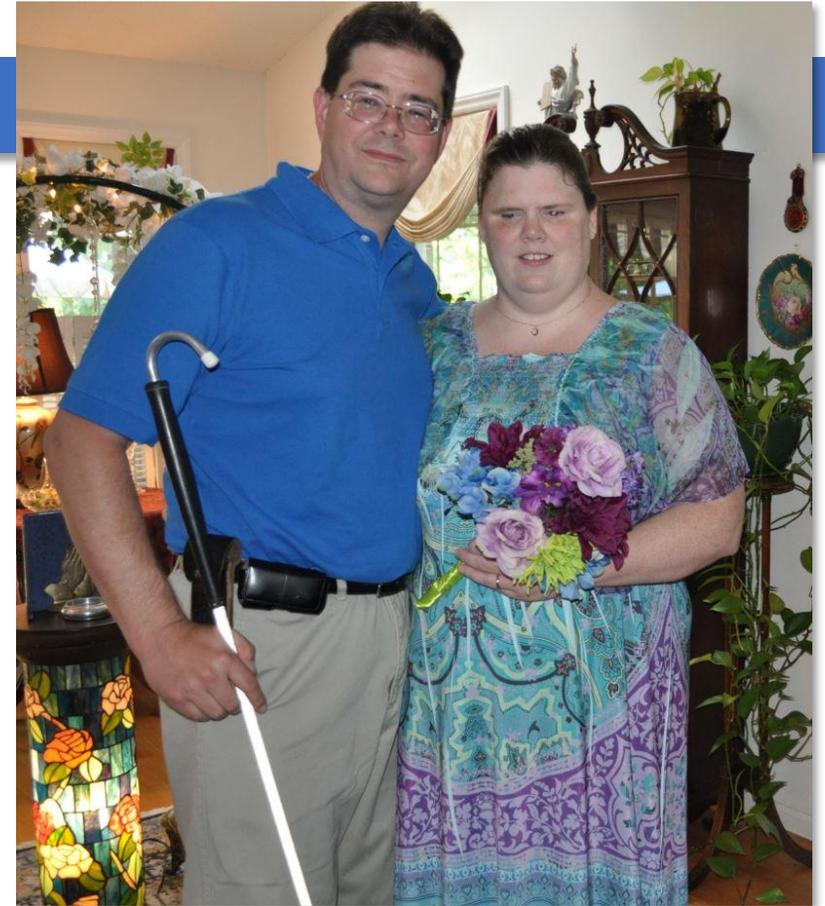
if employed and beneficiary does not participate in employer sponsored retirement program

- $\$15,000 + \text{wages up to an additional } \$12,760 = \$27,760$

Contributions counted on a **calendar year**

LIFETIME LIMIT \$501,000

System automatically rejects excess contributions

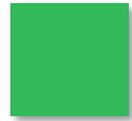


Funding a Palmetto ABLER Account

Many ways to contribute to a Palmetto ABLER account



Individual contribution (ACH or check)



Rollover from an existing 529 college savings plan or an ABLER account from another state



eGift – Beneficiary requests contribution from friends or family



Stimulus payments



Payroll direct deposit



Stimulus Payments

- Recipients of Supplemental Security Income (SSI) may receive Stimulus payments
- Payments will not count as income in the calculation of the individual's SSI amount for that month
- Stimulus funds will not count as a resource for means tested benefits for a 12-month period following receipt of funds
- Stimulus funds deposited in a Palmetto ABLE account are a protected resource and can be spent later

Payroll Direct Deposit

Payroll Direct Deposit is now available for Palmetto ABLE account owners. It's easy!

1. Once your account is active, go to the website and log in. Go to the Financials Tab.
2. Click Payroll Deductions and follow the instructions.
3. Print the completed form and take it to your HR department.



For detailed instructions go to www.stableaccount.com/directdeposit

Investment Options and Fees

Account Options and Fees



Vanguard LifeStrategy Mutual funds

- Similar to options found with a 401K or 403B plan



One principal-protected FDIC Option

- Insured up to \$250,000



Visit www.PalmettoABLE.com for detailed information about investment options*



Palmetto ABLE program fees among lowest in the country

- \$3.50 per month or \$42 annually
- Annual asset-based management fee between 0.19% and 0.33% based upon options chosen

* To learn more about Palmetto ABLE, its investment objectives, risks and costs, read the STABLE account plan disclosure statement and participation agreement at www.PalmettoABLE.com before investing.

Accessing Funds

Free, Unlimited Withdrawals

CHECKING & SAVINGS

Transfer to personal checking or savings account

THIRD-PARTY

Pay with a Third-Party Check

LOADABLE DEBIT CARD

Transfer onto Card

We will not ask how funds are spent,
but benefits agencies and the IRS may.



STABLE Card

Loadable Debit Card

Funds may be transferred to load and spend debit card

- Does not pull funds directly from account; only have access to the funds loaded onto the card
- No overdraft fees
- No cash access/ATM usage
- Can limit merchants

Online portal allows users to track and notate expenses

STABLE card feature allows individuals to upload copies of receipts to track qualified disability expenses

- Online spending records
- Notate expenses



ABLE Accounts & Special Needs Trusts

Complementary resources that can work together

Working with a Trust

- Trusts can accept unlimited cash and assets
- An existing trust can be amended, through the courts, to include Palmetto ABLE accounts as a qualified distribution from the trust
- When a new trust is written, language can be included to ensure that the Palmetto ABLE account is a qualified distribution to avoid the need to amend in the future

Unique Palmetto ABLE Benefits

- Ease of enrollment
- Free enrollment
- Ease of access to funds
- Broader spending latitude
- Potential tax benefits
- No federal or state tax on earnings
- Use of load and spend debit card

Medicaid Lien

Funds in a Palmetto ABLÉ Account may be better protected from Medicaid payback than in other accounts.

Medicaid can ask for payback in some cases, but there are protections:

Limitations

Medicaid Payback is only from the date account was opened.
Overlap is necessary

Outstanding Bills

Pay any outstanding bills for Qualified Disability Expenses

Deductions

Deduct Medicaid Buy-In premiums paid

Funeral Expenses

Pay for funeral and burial expenses

Upon the Death of the Account Beneficiary

-  ALR notifies Program Administrator and can then use funds to pay outstanding qualified expenses, including funeral and burial. After all expenses are paid, the account is frozen.
-  Account may be subject to Medicaid lien. Program administrator works directly with Medicaid after expenses are paid and account has been frozen.
-  Remaining assets will be distributed according to individuals last Will and Testament. There is no designated transfer upon death.
-  If the individual does not have a will, then account assets will go through the normal probate process and be treated as part of the estate.

We're Here to Help!

Customer Service Information



www.PalmettoABLE.com



1-800-439-1653

Monday – Friday

9 AM – 8 PM EST



team@stableaccount.com

Help us Spread the Message!



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Office of State Treasurer
Curtis Loftis



Instagram

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@scstatetreasurer



 **PalmettoABLE**
Savings Program

“A Palmetto ALE” savings account levels the playing field not only for me but for so many others with disabilities. It allows us to plan and save for the future without penalizing the benefit programs we need to assist us.”

Kirk Garrett, Jr.
Palmetto ALE
Account Owner



PalmettoABLE.com
800-439-1653



**This presentation does not constitute legal or financial advice.
Consult your benefits advisor, financial planner or attorney if you have specific questions
about how a Palmetto ABLE® account may impact you or your family member.**